

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>Salem-South Lyon District Library</u>	County Oakland
Audit Date June 30, 2005	Opinion Date July 15, 2005	Date Accountant Report Submitted To State: September 28, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address 350 South Main Street	City Ann Arbor	State MI	ZIP 48104
Accountant Signature 			

Salem-South Lyon District Library

Financial Report
with Supplemental Information
June 30, 2005

Salem-South Lyon District Library

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Independent Auditor's Report

To the Salem-South Lyon
District Library Board
South Lyon, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Salem-South Lyon District Library as of and for the year ended June 30, 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Salem-South Lyon District Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Salem-South Lyon District Library as of June 30, 2005 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The required supplemental information, as identified in the table of contents, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. The required supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A member of



A worldwide association of independent accounting firms

To the Salem-South Lyon
District Library Board
South Lyon, Michigan

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Plante & Moran, PLLC

July 15, 2005

Salem-South Lyon District Library

Balance Sheet - Statement of Net Assets June 30, 2005

	General Fund	Debt Service Fund	Balance Sheet - Modified Accrual	Adjustments (Note 2)	Statement of Net Assets - Full Accrual
Assets					
Cash and cash equivalents (Note 4)	\$ 703,182	\$ 22,114	\$ 725,296	\$ -	\$ 725,296
Investments (Note 4)	311,744	-	311,744	-	311,744
Other assets	6,926	-	6,926	-	6,926
Due from other funds	-	4,222	4,222	(4,222)	-
Capital assets - Net of accumulated depreciation (Note 5)	-	-	-	2,150,744	2,150,744
Total assets	\$ 1,021,852	\$ 26,336	\$ 1,048,188	2,146,522	3,194,710
Liabilities					
Accounts payable	\$ 10,978	\$ -	\$ 10,978	-	10,978
Accrued liabilities	20,854	-	20,854	13,567	34,421
Due to other funds	4,222	-	4,222	(4,222)	-
Long-term debt - Current portion	-	-	-	125,000	125,000
Total current liabilities	36,054	-	36,054	134,345	170,399
Long-term debt - Net of current portion (Note 6)	-	-	-	1,694,318	1,694,318
Total liabilities	36,054	-	36,054	1,828,663	1,864,717
Fund Balances/Net Assets					
Fund balances:					
Reserved for debt service	-	26,336	26,336	(26,336)	-
Unreserved:					
Designated for capital improvements	268,271	-	268,271	(268,271)	-
Designated for equipment purchases	104,502	-	104,502	(104,502)	-
Undesignated	613,025	-	613,025	(613,025)	-
Total fund balances	985,798	26,336	1,012,134	(1,012,134)	-
Total liabilities and fund balances	\$ 1,021,852	\$ 26,336	\$ 1,048,188		
Net assets:					
Invested in capital assets - Net of debt				350,744	350,744
Restricted for debt				26,336	26,336
Unrestricted				952,913	952,913
Total net assets				\$ 1,329,993	\$ 1,329,993

Salem-South Lyon District Library

Statement of Revenue, Expenditures, and Changes in Fund Balances - Statement of Activities Year Ended June 30, 2005

	General Fund	Debt Service Fund	Revenues and Expenditures - Modified Accrual	Adjustments (Note 2)	Statement of Activities - Full Accrual
Revenue					
Property tax	\$ 500,046	\$ 134,425	\$ 634,471	\$ -	\$ 634,471
Service contract - Green Oak Township	184,280	62,743	247,023	-	247,023
Fines and fees	72,972	-	72,972	-	72,972
State aid	9,177	-	9,177	-	9,177
Gifts and miscellaneous	20,236	-	20,236	-	20,236
Interest on investments	23,141	1,546	24,687	-	24,687
Total revenue	809,852	198,714	1,008,566	-	1,008,566
Expenditures					
Personnel	484,735	-	484,735	3,318	488,053
Library services and materials	122,300	-	122,300	(74,916)	47,384
Facilities and equipment	130,516	-	130,516	(16,270)	114,246
Other expenditures	43,728	-	43,728	-	43,728
Debt service	-	204,110	204,110	(116,226)	87,884
Depreciation	-	-	-	181,762	181,762
Total expenditures	781,279	204,110	985,389	(22,332)	963,057
Excess of Revenue Over (Under)					
Expenditures	28,573	(5,396)	23,177	22,332	45,509
Fund Balances/Net Assets - July 1, 2004	<u>957,225</u>	<u>31,732</u>	<u>988,957</u>	<u>295,527</u>	<u>1,284,484</u>
Fund Balances/Net Assets - June 30, 2005	<u>\$ 985,798</u>	<u>\$ 26,336</u>	<u>\$ 1,012,134</u>	<u>\$ 317,859</u>	<u>\$ 1,329,993</u>

Salem-South Lyon District Library

Notes to Financial Statements June 30, 2005

Note I - Nature of Organization and Summary of Significant Accounting Policies

The Salem-South Lyon District Library (the "Library") was established on May 18, 1993 by a District Library Agreement between Salem Township and the City of South Lyon pursuant to the District Library Establishment Act. The Library's boundaries include the City of South Lyon, Michigan and the Township of South Lyon, Michigan, and a small area of the Township of Salem located within the jurisdiction of the Ann Arbor Public Schools. The Library is funded through a tax levy on property located within the district, fines, fees, and state aid.

The accounting policies of the Library conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Library:

Reporting Entity

The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Accordingly, there are no component units to be included in the Library's financial report.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Salem-South Lyon District Library

Notes to Financial Statements June 30, 2005

Note I - Nature of Organization and Summary of Significant Accounting Policies (Continued)

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. All other revenue items are considered to be available only when cash is received by the Library.

The Library reports the following major governmental funds:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the retirement of the 1996 General Obligation Unlimited Tax Bonds.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Library has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

Salem-South Lyon District Library

Notes to Financial Statements June 30, 2005

Note I - Nature of Organization and Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Library's 2005 ad valorem tax is levied and collectible on December 1, 2004 and is recognized as revenue in the year ended June 30, 2005, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2004 taxable valuation of the Library District totaled \$642.2 million, on which ad valorem taxes levied consisted of 0.7900 mills for operating purposes and 0.2125 mills for debt service. This resulted in \$500,046 for operating and \$134,425 for debt service. These amounts are recognized in the respective General Fund and Debt Service Fund financial statements as tax revenue.

Service Contract Revenue

The Library also services Green Oak Township under a separate operating agreement. The fee for this service is funded by a millage of Green Oak Township.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - The Library considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." The balance due to the Debt Service Fund from the General Fund is primarily service contract revenue from Green Oak Township that was deposited in the General Fund.

Capital Assets - Capital assets are defined by the Library as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Salem-South Lyon District Library

Notes to Financial Statements June 30, 2005

Note I - Nature of Organization and Summary of Significant Accounting Policies (Continued)

Buildings, furniture and equipment, and library books, periodicals, and videos are depreciated using the straight-line method over the following useful lives:

Buildings	30 years
Furniture and equipment	5-7 years
Library books, periodicals, and videos	3 years

Compensated Absences - It is the Library's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Salem-South Lyon District Library

Notes to Financial Statements June 30, 2005

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balances and the net change in fund balances of the Library's governmental funds differ from net assets and change in net assets of the governmental activities reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the economic focus of the statement of the governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balances. The following are reconciliation of fund balance to net assets and the net change in fund balances to the net change in net assets:

Total Fund Balance - Modified Accrual Basis	\$ 1,012,134
Amounts reported in the statement of net assets are different because:	
Capital assets are not financial resources and are not reported in the funds	2,150,744
Compensated absences are included as a liability	(19,318)
Accrued interest on long-term liabilities is not due and payable in the current period and is not reported in the funds	(13,567)
Long-term liabilities are not due and payable in the current period and are not reported in the funds	<u>(1,800,000)</u>
Total Net Assets - Full Accrual Basis	<u>\$ 1,329,993</u>

Salem-South Lyon District Library

Notes to Financial Statements June 30, 2005

Note 2 - Reconciliation of Government-wide and Fund Financial Statements (Continued)

Net Change in Fund Balances - Modified Accrual Basis	\$ 23,177
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Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as depreciation:

Library books, material, and equipment	91,646
Depreciation	(181,762)
Loss on disposal of capital assets	(460)

Increase in the accrual for long-term compensated absences reported as an expenditure in the statement of activities, but not in the fund financial statements	(3,318)
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Accrued interest on long-term liabilities is not due and payable in the current period and is not reported in the funds	1,226
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Principal payments on long-term liabilities are expensed on the fund statements	<u>115,000</u>
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Change in Net Assets of Governmental Activities - Full Accrual Basis	<u>\$ 45,509</u>
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Note 3 - Budget Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Debt Service Fund. All annual appropriations lapse at fiscal year end. Final amendments to the current year budget occur at the last board meeting of the year. The next year's budget is prepared by the Library director and presented to the Library board on or before March 15. The new budget is officially adopted at the May board meeting.

The budget document presents information by fund and line items. The legal level of budgetary control adopted by the governing body is the line item level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law.

Salem-South Lyon District Library

Notes to Financial Statements June 30, 2005

Note 3 - Budget Information (Continued)

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

A comparison of actual results of operations to the General Fund and Debt Service Fund can be found in the supplemental information.

Note 4 - Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes library units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Library is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Library has designated three banks for the deposit of library funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, and such obligations, bonds, and securities as permitted by the statutes of the State of Michigan.

The Library's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. At year end, the Library had \$133,665 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Library believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Library evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Salem-South Lyon District Library

Notes to Financial Statements June 30, 2005

Note 4 - Deposits and Investments (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Library has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Organization
Comerica Bank - Governmental cash fund	\$ 213,713	AI	Standard and Poors
Standard Federal Bank - Public funds investment fund	470,769	AAAm	Standard and Poors

Note 5 - Capital Assets

Capital asset activity of the Library's governmental activities was as follows:

	Balance July 1, 2004	Additions	Disposals and Adjustments	Balance June 30, 2005
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 152,000	\$ -	\$ -	\$ 152,000
Capital assets being depreciated:				
Building	2,399,816	-	-	2,399,816
Furniture and equipment	310,147	16,730	1,200	325,677
Library books, periodicals, and videos	903,765	74,916	48,210	930,471
Subtotal	3,613,728	91,646	49,410	3,655,964
Less accumulated depreciation	(1,524,408)	(181,762)	(48,950)	(1,657,220)
Net capital assets being depreciated	2,089,320	(90,116)	460	1,998,744
Net capital assets	\$ 2,241,320	\$ (90,116)	\$ 460	\$ 2,150,744

Depreciation expense was \$181,762 for the year ended June 30, 2005.

Note 6 - Long-term Debt

Outstanding Debt

The long-term debt of the Library consists of accumulated employee benefits of \$19,318 and a general obligation bond issue with an outstanding principal balance of \$1,800,000 at June 30, 2005. The bond bears interest at rates between 4.5 percent and 4.6 percent and matures in 2016.

Salem-South Lyon District Library

Notes to Financial Statements June 30, 2005

Note 6 - Long-term Debt (Continued)

The accumulated employee benefits represent the estimated liability to be paid to governmental fund-type employees under the Library's vacation and sick pay policy. Under the Library's policy, employees earn vacation and sick time based on time of service with the Library.

Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Library for the year ended June 30, 2005:

	Bonds	Accumulated Employee Benefits	Total
Balance - July 1, 2004	\$ 1,915,000	\$ 16,000	\$ 1,931,000
Principal payment	(115,000)	-	(115,000)
Increase in accrual of long-term compensated absences	-	3,318	3,318
Balance - June 30, 2005	<u>\$ 1,800,000</u>	<u>\$ 19,318</u>	<u>\$ 1,819,318</u>
Amount due within one year	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>

Salem-South Lyon District Library

Notes to Financial Statements June 30, 2005

Note 6 - Long-term Debt (Continued)

Debt Service Requirements

The annual requirements to service all debt outstanding as of June 30, 2005 (excluding employee benefits), including principal and interest, are as follows:

Years Ending June 30	Principal	Interest	Total
2006	\$ 125,000	\$ 81,400	\$ 206,400
2007	130,000	75,775	205,775
2008	140,000	69,925	209,925
2009	145,000	63,625	208,625
2010	155,000	57,100	212,100
2011-2015	905,000	173,225	1,078,225
2016	200,000	9,200	209,200
Total	<u>\$ 1,800,000</u>	<u>\$ 530,250</u>	<u>\$ 2,330,250</u>

Interest

During the year ended June 30, 2005, the Library incurred interest expense of approximately \$89,000.

Note 7 - Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Library does not provide medical benefits; however, employees may be eligible for a monthly stipend toward their personal medical coverage. The Library has purchased commercial insurance for employee injury claims and participates in the Michigan Townships Participating Plan for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Salem-South Lyon District Library

Notes to Financial Statements June 30, 2005

Note 8 - Defined Contribution Retirement Plan

The Library provides pension benefits to all of its eligible employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. As established by the board, the Library contributes 6 percent of employees' gross earnings, and employees may contribute an amount not to exceed the Internal Revenue Service guidelines. Retirement contributions for the past three years are as follows:

	2003	2004	2005
Employer	\$ 21,406	\$ 25,986	\$ 29,735
Employee	<u>13,670</u>	<u>13,322</u>	<u>14,452</u>
Total contributions	<u>\$ 35,076</u>	<u>\$ 39,308</u>	<u>\$ 44,187</u>

Required Supplemental Information

Salem-South Lyon District Library

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property tax	\$ 500,000	\$ 500,000	\$ 500,046	\$ 46
Service contract - Green Oak Township	175,000	175,000	184,280	9,280
Fines and fees:				
Penal fines	50,000	48,507	48,507	-
Fines	18,000	18,000	21,352	3,352
Nonresident fees	-	3,113	3,113	-
Total fines and fees	68,000	69,620	72,972	3,352
State aid	8,500	8,500	9,177	677
Gifts and miscellaneous:				
Single business tax	3,500	3,500	3,974	474
Gifts and miscellaneous	-	10,256	16,262	6,006
Total gifts and miscellaneous	3,500	13,756	20,236	6,480
Interest on investments	8,500	11,900	23,141	11,241
Total revenue	763,500	778,776	809,852	31,076
Expenditures				
Personnel:				
Salaries	415,000	412,295	410,159	2,136
Employee benefits	36,700	39,405	39,405	-
Dues and workshops	3,500	3,500	2,641	859
FICA expense	31,750	31,750	31,151	599
Transportation and travel	1,600	1,600	1,379	221
Total personnel	488,550	488,550	484,735	3,815
Library services and materials:				
Library materials	73,000	80,165	74,346	5,819
Library supplies	6,000	6,300	6,249	51
Computer supplies	3,000	3,000	2,718	282
Cooperative fee	33,000	33,000	30,117	2,883
Programs	9,000	9,000	8,870	130
Total library services and materials	124,000	131,465	122,300	9,165

Salem-South Lyon District Library

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
Facilities and equipment:				
Maintenance and repairs	\$ 15,000	\$ 25,250	\$ 24,073	\$ 1,177
Utilities	35,500	36,049	36,049	-
Insurance	8,000	8,000	6,248	1,752
Equipment	12,000	169,090	64,146	104,944
Total facilities and equipment	70,500	238,389	130,516	107,873
Other expenditures:				
Contractual services	31,000	30,133	22,201	7,932
Attorney fees	500	5,500	250	5,250
Auditor	4,400	6,240	6,240	-
Board expenditures	500	500	469	31
Office supplies	3,000	3,000	2,955	45
Postage	1,200	1,200	1,058	142
Bank service charges	-	-	-	-
Telephone	3,500	3,568	3,568	-
Printing	2,500	3,500	3,472	28
Gift purchases and miscellaneous	-	5,187	3,515	1,672
Contingency fund	33,850	14,517	-	14,517
Total other expenditures	80,450	73,345	43,728	29,617
Total expenditures	763,500	931,749	781,279	150,470
Excess of Revenue Over (Under) Expenditures	-	(152,973)	28,573	181,546
Fund Balance - July 1, 2004	957,225	957,225	957,225	-
Fund Balance - June 30, 2005	<u>\$ 957,225</u>	<u>\$ 804,252</u>	<u>\$ 985,798</u>	<u>\$ 181,546</u>

Other Supplemental Information

Salem-South Lyon District Library

Other Supplemental Information Budgetary Comparison Schedule Debt Service Fund Year Ended June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property tax	\$ 136,466	\$ 134,425	\$ 134,425	\$ -
Service contract - Green Oak Township	66,844	62,743	62,743	-
Interest on investments	800	800	1,546	746
Total revenue	204,110	197,968	198,714	746
Expenditures - Debt service	204,110	204,110	204,110	-
Excess of Expenditures Over Revenue	-	(6,142)	(5,396)	746
Fund Balance - July 1, 2004	31,732	31,732	31,732	-
Fund Balance - June 30, 2005	<u>\$ 31,732</u>	<u>\$ 25,590</u>	<u>\$ 26,336</u>	<u>\$ 746</u>